

# BRING HOME THE GOLD



## 2021 MONEY MATTERS STUDENT HANDBOOK

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# Contents

First Day of Work | 3

Payday | 4

Gross Pay, Net Pay  
& Required Deductions | 4-6

Exercise 1, Filling out Form W-4 | 7  
2021 Form W-4 | 8-9

Exercise 2, Questions | 10

Exercise 3, Calculating a Paycheck #1 | 11

Exercise 4, Calculating a Paycheck #2 | 12

Federal Tax Table | 13

State Tax Table | 14

Getting Paid | 15

Go Green With Your Green,  
Direct Deposit & Paycards | 15  
Understanding Banking Fees | 16

Helpful Paycard Guidelines | 17

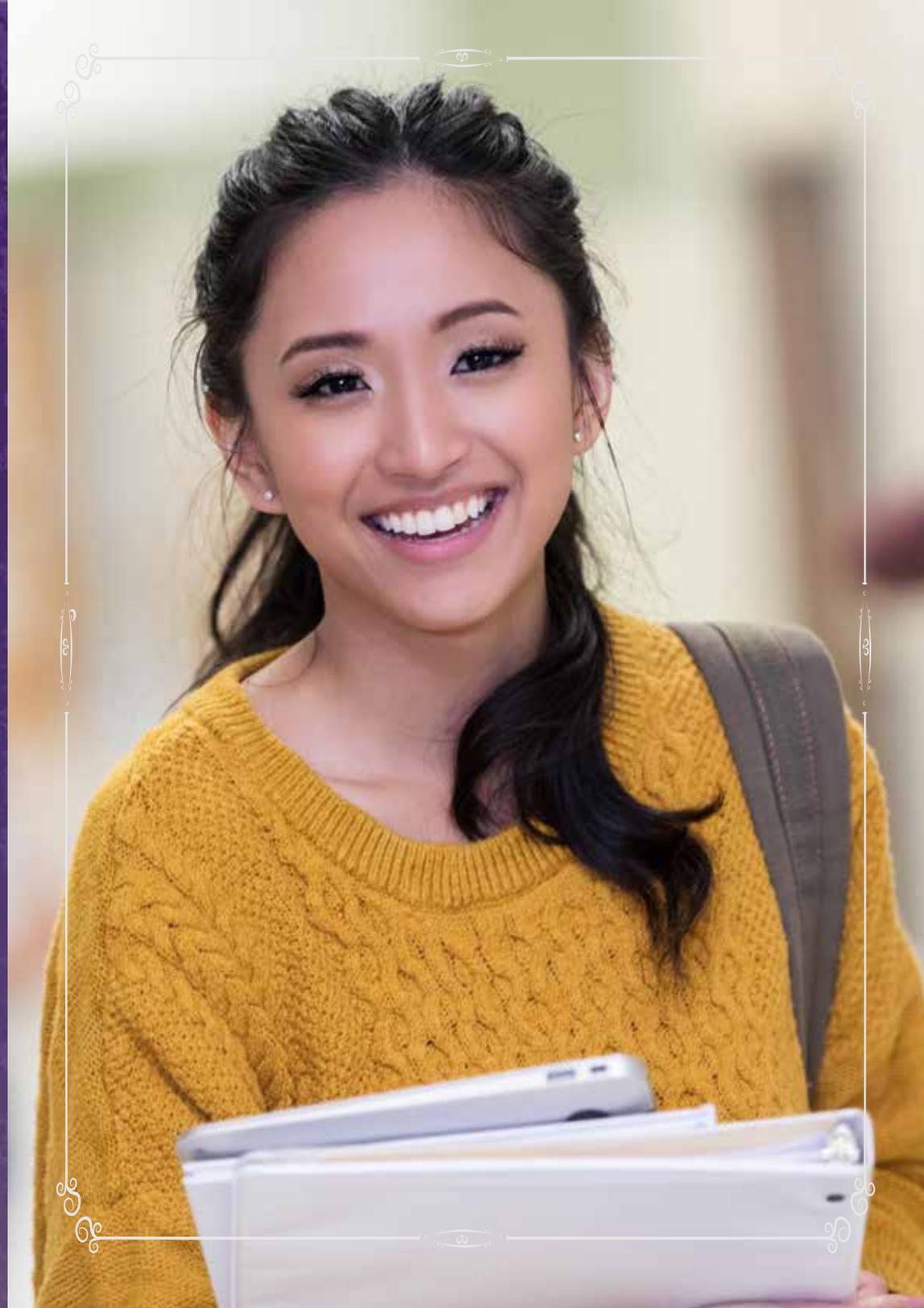
Exercise 5, Questions | 18

Reference | 19

Minimum Wage | 19  
Overtime, Teen Jobs | 20

Money Matters Scholarship | 21

Glossary | 22-23



# First Day of Work

## What's a Form W-4?

### IT'S YOUR FIRST DAY ON THE JOB. CONGRATULATIONS!

Now get ready for all the paperwork. On your first day, you'll have to fill out several forms. One of the most important is Form W-4, the *Employee's (your) Withholding Certificate*. This form will affect how much money you receive each payday, so it's important you understand it and how to fill it out properly.

### WHAT'S THE PURPOSE OF FORM W-4?

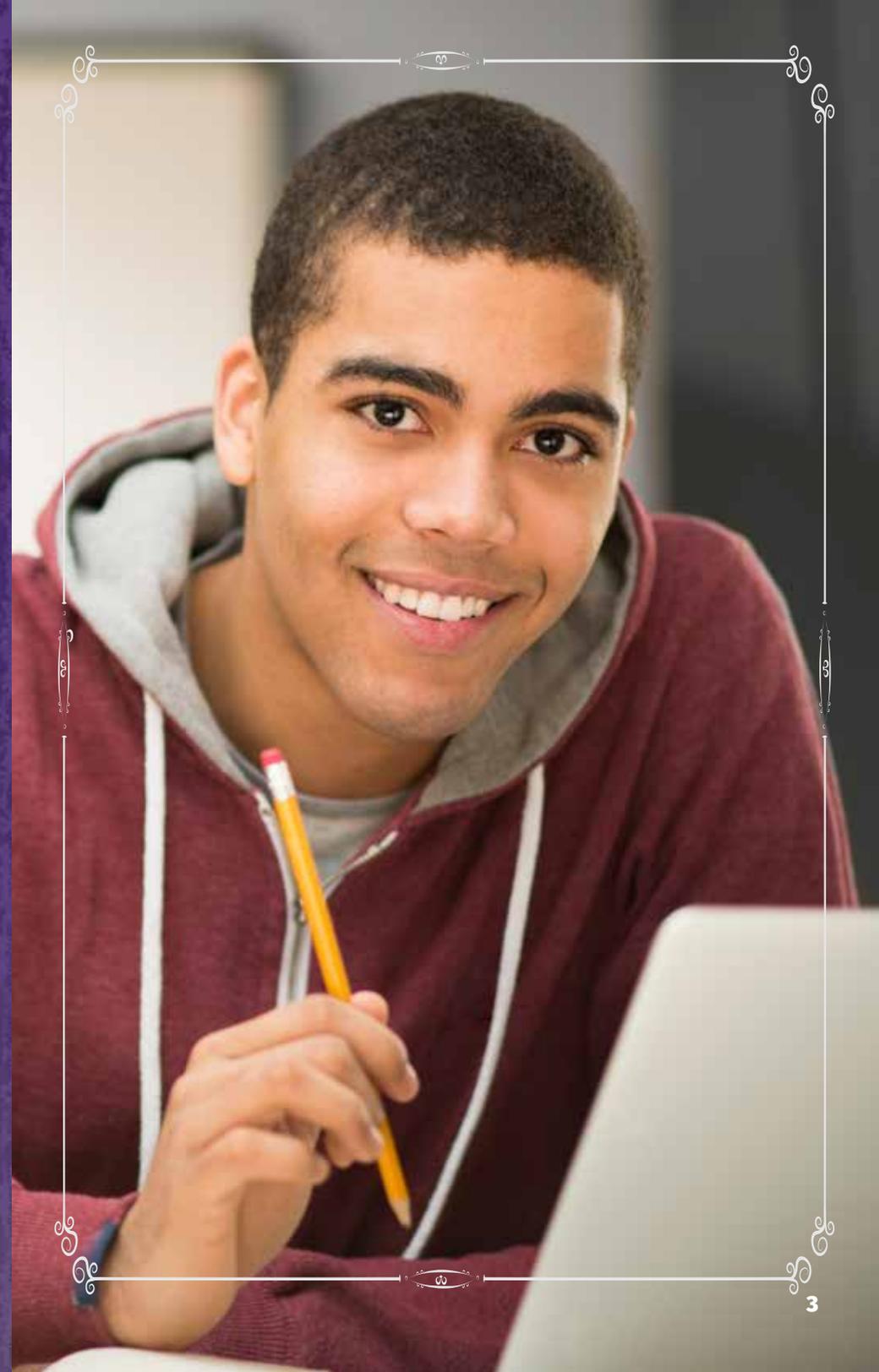
This form helps your employer calculate how much income tax to take out of your paycheck and send to the federal government. This information is provided through a series of five steps. The form also tells your employer if you are claiming exempt from withholding. High school and college students must meet the tests for exemption other employees are required to meet. Depending on the state you work in, you may also have to complete a state withholding certificate (most states do not accept the Form W-4 for state purposes).

### HOW DO I COMPLETE FORM W-4?

There are 5 steps for you to complete on the form. You must complete Steps 1 and 5. Steps 2, 3, and 4 should be completed only if they apply to you. Doing so will help ensure that your federal income tax withholding is accurate. Step 1 is for your personal information; Step 2 is for households with multiple jobs; Step 3 is used to claim tax credits for dependents (usually children); Step 4 is for other adjustments (additional income, itemized deductions, extra tax you want withheld); and Step 5 is where you sign and date the form.

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UNDERLINED WORDS ARE DEFINED IN THE GLOSSARY  
ON PAGES 22-23.



# PAYDAY

## What Are All These Deductions From My Paycheck?

IT'S EXCITING TO RECEIVE YOUR FIRST PAYCHECK, BUT FOR MANY PEOPLE, THAT FIRST RUSH OF EXCITEMENT SOON TURNS TO DISAPPOINTMENT. THEY QUICKLY REALIZE THE MONEY IN THEIR PAYCHECK IS LESS THAN THEY EXPECTED. THE FEDERAL GOVERNMENT AND A LOT OF OTHERS HAVE TAKEN A BITE OUT OF THAT PAYCHECK.

### GROSS PAY

Gross pay is the total amount of money earned before any deductions are made. For example, many employees are paid at an hourly rate. In the case of an hourly employee, the number of hours worked is multiplied by the employee's hourly rate. This results in the employee's gross pay.

### NET PAY

The amount left after all deductions are taken out of the gross pay is net pay. This is the actual amount of an employee's paycheck. Net pay is often called take-home pay, because it is the amount of money an employee actually receives on payday.



40 hours x \$11.00 an hour = \$440.00

**Gross pay = \$440.00**

Net Pay & Required Deductions  
**Gross pay – deductions = net pay**

## REQUIRED DEDUCTIONS

Your employer is required to take out a number of deductions from your paycheck. The actual amount withheld from a paycheck for federal, state, and local income taxes is determined by referring to tax tables provided by the various levels of government. Employers use the information provided by the tax tables and combine it with information you provided on Form W-4 to determine how much tax to take out of your paycheck. Read below for explanations of deductions employers are

required to take out of your paycheck.

Pay special attention when you fill out Form W-4 on your first day of work. This form tells the employer your filing status, whether you have multiple jobs or a spouse who works, and if you are claiming dependents or other adjustments. You may ask to take the Form W-4 and instructions home to complete so a family member can help you. You may also want to use the IRS's Tax Withholding Estimator to help you complete the form.

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FOR HELP WITH THE FORM W-4, VISIT  
[HTTPS://WWW.IRS.GOV/INDIVIDUALS/TAX-WITHHOLDING-ESTIMATOR](https://www.irs.gov/individuals/tax-withholding-estimator)

MANDATORY DEDUCTIONS FROM YOUR PAYCHECK		
Deduction	What do you get?	Who pays?
<b><u>Federal income tax</u></b>	Funds services provided by the federal government, such as defense, human services, and the monitoring and regulation of trade.	Employee
<b><u>State income tax</u></b>	Funds services provided by state government, such as roads, safety, and health. (Not all states have an income tax.)	Employee
<b><u>Local income tax</u></b>	Funds services provided by the city or other local government, such as schools, police, and fire protection. (Not all local areas have an income tax.)	Employee
<b><u>FICA: Social Security tax (also known as OASDI)</u></b>	Provides for old-age, survivors, and disability insurance benefits.	Employee and employer
<b><u>FICA: Medicare tax (also known as HI)</u></b>	Provides health insurance for retirees and certain disabled persons.	Employee and employer

## OTHER DEDUCTIONS

In addition to required deductions, employers may take money directly out of your paycheck to pay for various employee benefits. These benefits are called “voluntary deductions” because they are optional. You decide whether or not you want to participate in these programs.

Benefits vary by industry, by business, and by the status of the employee in the company. Benefits may include life insurance, disability insurance, medical insurance, dental insurance, and retirement savings plans. See the table below for examples.



OTHER DEDUCTIONS*		
Deduction	What do you get?	Who pays?
<b>Life insurance</b>	Pays a <u>beneficiary</u> in the event that an employee dies.	Employer or employee, or shared
<b>Short- and long-term disability insurance</b>	Provides benefits in the event that an employee is disabled and not able to work. Some states require deductions for short-term disability.	Employer or employee, or shared
<b>Medical insurance</b>	Employee and family insurance coverage for medical care expenses, including hospitalization, physician services, surgery, and major medical expenses.	Employer or employee, or shared
<b>Dental insurance</b>	Employee and family insurance coverage for dental care expenses, including <u>preventive</u> , <u>diagnostic</u> , basic, major, and orthodontic services.	Employer or employee, or shared
<b>Retirement savings plan</b>	Normally, a <u>tax-deferred</u> savings plan for retirement.	Employer or employee (Employer may match a percentage of employee’s contribution)
<b>Charity</b>	A donation to a specific charity.	Employee (Employer may match a percentage of employee’s contribution)

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\*WHETHER OR NOT THESE BENEFITS ARE OFFERED, AND WHO WILL FUND THEM, VARIES BY THE EMPLOYER.

# Exercise 1

## Filling Out Form W-4

IMAGINE ARRIVING FOR YOUR FIRST DAY OF WORK AT A GOURMET COFFEE SHOP.

Along with other paperwork as you begin your job, you will fill out a Form W-4. This will help the payroll department of your employer figure out how much tax to take out of your paycheck each payday.

### YOU ARE SINGLE, WITH ONLY ONE JOB.

See page 8 for a Form W-4 completed by a single employee who has completed Steps 1 and 5.

- Step 1, she claimed a filing status of single.
- She did not check the box in Step 2(c) and did not complete Steps 3 and 4.
- She completed Step 5 by signing the form and dating it.

If you don't fill out a Form W-4, your employer will take out the maximum amount of taxes from your paycheck.

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FORM W-4 WILL AFFECT HOW MUCH MONEY YOU WILL RECEIVE EACH PAYDAY.

# 2021 Form W-4 Example of a Completed Form

<b>W-4</b> <small>Form (Rev. December 2020)                      Department of the Treasury                      Internal Revenue Service</small>		<b>Employee's Withholding Certificate</b> ▶ Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. ▶ Give Form W-4 to your employer. ▶ Your withholding is subject to review by the IRS.		OMB No. 1545-0074  <b>2021</b>
<b>Step 1:</b> Enter Personal Information ✓	(a) First name and middle initial Margaret A	Last name Quinn	(b) Social security number 123-45-6789	
	Address 4567 East 14th Street City or town, state, and ZIP code New York, NY 13579		▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to <a href="http://www.ssa.gov">www.ssa.gov</a> .	
	(c) <input checked="" type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly or Qualifying widow(er) <input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)			
Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, when to use the estimator at <a href="http://www.irs.gov/W4App">www.irs.gov/W4App</a> , and privacy.				
<b>Step 2:</b> Multiple Jobs or Spouse Works	Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs. Do only one of the following. (a) Use the estimator at <a href="http://www.irs.gov/W4App">www.irs.gov/W4App</a> for most accurate withholding for this step (and Steps 3-4); or (b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; or (c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld . . . . . ▶ <input type="checkbox"/>  <b>TIP:</b> To be accurate, submit a 2021 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.			
Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)				
<b>Step 3:</b> Claim Dependents	If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly): Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$ _____ Multiply the number of other dependents by \$500 . . . . . ▶ \$ _____ Add the amounts above and enter the total here . . . . . <b>3</b> \$ _____			
<b>Step 4 (optional):</b> Other Adjustments	(a) <b>Other income (not from jobs).</b> If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income . . . . .		<b>4(a)</b> \$ _____	
	(b) <b>Deductions.</b> If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here . . . . .		<b>4(b)</b> \$ _____	
	(c) <b>Extra withholding.</b> Enter any additional tax you want withheld each pay period . . . . .		<b>4(c)</b> \$ _____	
<b>Step 5:</b> Sign Here	Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete. ▶ <u>Margaret A. Quinn</u> ▶ 5/3/2021 Employee's signature (This form is not valid unless you sign it.) ▶ Date			
<b>Employers Only</b>	Employer's name and address	First date of employment	Employer identification number (EIN)	
For Privacy Act and Paperwork Reduction Act Notice, see page 3. <span style="float: right;">Cat. No. 10220Q <b>Form W-4</b> (2021)</span>				

# 2021 Form W-4

Form <b>W-4</b> (Rev. December 2020) Department of the Treasury Internal Revenue Service	<b>Employee's Withholding Certificate</b> ▶ Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. ▶ Give Form W-4 to your employer. ▶ Your withholding is subject to review by the IRS.	OMB No. 1545-0074  <span style="font-size: 2em; font-weight: bold;">2021</span>	
<b>Step 1:</b>	(a) First name and middle initial _____ Last name _____ Address _____ City or town, state, and ZIP code _____		(b) Social security number _____  ▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to <a href="http://www.ssa.gov">www.ssa.gov</a> .
<b>Enter Personal Information</b>	(c) <input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly or Qualifying widow(er) <input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)		
Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, when to use the estimator at <a href="http://www.irs.gov/W4App">www.irs.gov/W4App</a> , and privacy.			
<b>Step 2:</b>	Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs. Do only one of the following.		
<b>Multiple Jobs or Spouse Works</b>	(a) Use the estimator at <a href="http://www.irs.gov/W4App">www.irs.gov/W4App</a> for most accurate withholding for this step (and Steps 3-4); or (b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; or (c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld. . . . . ▶ <input type="checkbox"/>		
TIP: To be accurate, submit a 2021 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.			
Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)			
<b>Step 3:</b>	If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):		
<b>Claim Dependents</b>	Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$ _____		
	Multiply the number of other dependents by \$500 . . . . . ▶ \$ _____		
	Add the amounts above and enter the total here . . . . .		<b>3</b> \$ _____
<b>Step 4 (optional): Other Adjustments</b>	(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income . . . . .		<b>4(a)</b> \$ _____
	(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here . . . . .		<b>4(b)</b> \$ _____
	(c) Extra withholding. Enter any additional tax you want withheld each pay period . . . . .		<b>4(c)</b> \$ _____
<b>Step 5:</b>	Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.		
<b>Sign Here</b>	_____ Employee's signature (This form is not valid unless you sign it.)		_____ Date
<b>Employers Only</b>	Employer's name and address _____	First date of employment _____	Employer identification number (EIN) _____
For Privacy Act and Paperwork Reduction Act Notice, see page 3. <span style="float: right;">Cat. No. 10220Q <span style="margin-left: 100px;">Form W-4 (2021)</span></span>			

Form W-4 (2021)  <b>General Instructions</b> <b>Future Developments</b> For the latest information about developments related to Form W-4, such as legislation enacted after it was published, go to <a href="http://www.irs.gov/FormW4">www.irs.gov/FormW4</a> .  <b>Purpose of Form</b> Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. If too little is withheld, you will generally owe tax when you file your tax return and may owe a penalty. If too much is withheld, you will generally be due a refund. Complete a new Form W-4 when changes to your personal or financial situation would change the entries on the form. For more information on withholding and when you must furnish a new Form W-4, see Pub. 505, Tax Withholding and Estimated Tax.  <b>Exemption from withholding.</b> You may claim exemption from withholding for 2021 if you meet both of the following conditions: you had no federal income tax liability in 2020 and you expect to have no federal income tax liability in 2021. You had no federal income tax liability in 2020 if (1) your total tax on line 24 on your 2020 Form 1040 or 1040-SR is zero (or less than the sum of lines 27, 28, 29, and 30), or (2) you were not required to file a return because your income was below the filing threshold for your correct filing status. If you claim exemption, you will have no income tax withheld from your paycheck and may owe taxes and penalties when you file your 2021 tax return. To claim exemption from withholding, certify that you meet both of the conditions above by writing "Exempt" on Form W-4 in the space below Step 4(c). Then, complete Steps 1(a), 1(b), and 5. Do not complete any other steps. You will need to submit a new Form W-4 by February 15, 2022.  <b>Your privacy.</b> If you prefer to limit information provided in Steps 2 through 4, use the online estimator, which will also increase accuracy.  As an alternative to the estimator: if you have concerns with Step 2(c), you may choose Step 2(b); if you have concerns with Step 4(a), you may enter an additional amount you want withheld per pay period in Step 4(c). If this is the only job in your household, you may instead check the box in Step 2(c), which will increase your withholding and significantly reduce your paycheck (often by thousands of dollars over the year).  <b>When to use the estimator.</b> Consider using the estimator at <a href="http://www.irs.gov/W4App">www.irs.gov/W4App</a> if you: 1. Expect to work only part of the year; 2. Have dividend or capital gain income, or are subject to additional taxes, such as Additional Medicare Tax; 3. Have self-employment income (see below); or 4. Prefer the most accurate withholding for multiple job situations.  <b>Self-employment.</b> Generally, you will owe both income and self-employment taxes on any self-employment income you receive separate from the wages you receive as an employee. If you want to pay these taxes through withholding from your wages, use the estimator at <a href="http://www.irs.gov/W4App">www.irs.gov/W4App</a> to figure the amount to have withheld.  <b>Nonresident alien.</b> If you're a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.	Page 2  <b>Specific Instructions</b> <b>Step 1(c).</b> Check your anticipated filing status. This will determine the standard deduction and tax rates used to compute your withholding.  <b>Step 2.</b> Use this step if you (1) have more than one job at the same time, or (2) are married filing jointly and you and your spouse both work.  Option (a) most accurately calculates the additional tax you need to have withheld, while option (b) does so with a little less accuracy.  If you (and your spouse) have a total of only two jobs, you may instead check the box in option (c). The box must also be checked on the Form W-4 for the other job. If the box is checked, the standard deduction and tax brackets will be cut in half for each job to calculate withholding. This option is roughly accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld, and this extra amount will be larger the greater the difference in pay is between the two jobs.  <b>Multiple Jobs.</b> Complete Steps 3 through 4(b) on only one Form W-4. Withholding will be most accurate if you do this on the Form W-4 for the highest paying job.  <b>Step 3.</b> This step provides instructions for determining the amount of the child tax credit and the credit for other dependents that you may be able to claim when you file your tax return. To qualify for the child tax credit, the child must be under age 17 as of December 31, must be your dependent who generally lives with you for more than half the year, and must have the required social security number. You may be able to claim a credit for other dependents for whom a child tax credit can't be claimed, such as an older child or a qualifying relative. For additional eligibility requirements for these credits, see Pub. 972, Child Tax Credit and Credit for Other Dependents. You can also include other tax credits in this step, such as education tax credits and the foreign tax credit. To do so, add an estimate of the amount for the year to your credits for dependents and enter the total amount in Step 3. Including these credits will increase your paycheck and reduce the amount of any refund you may receive when you file your tax return.  <b>Step 4 (optional).</b> <b>Step 4(a).</b> Enter in this step the total of your other estimated income for the year, if any. You shouldn't include income from any jobs or self-employment. If you complete Step 4(a), you likely won't have to make estimated tax payments for that income. If you prefer to pay estimated tax rather than having tax on other income withheld from your paycheck, see Form 1040-ES, Estimated Tax for Individuals.  <b>Step 4(b).</b> Enter in this step the amount from the Deductions Worksheet, line 5, if you expect to claim deductions other than the basic standard deduction on your 2021 tax return and want to reduce your withholding to account for these deductions. This includes both itemized deductions and other deductions such as for student loan interest and IRAs.  <b>Step 4(c).</b> Enter in this step any additional tax you want withheld from your pay each pay period, including any amount here will reduce your paycheck and will either increase your refund or reduce any amount of tax that you owe.
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# Exercise 2

## Questions

1. What is gross pay? \_\_\_\_\_
2. What is net pay? \_\_\_\_\_
3. True or False? Your paycheck = total hours worked x rate of pay. \_\_\_\_\_
4. Name two mandatory deductions. \_\_\_\_\_  
\_\_\_\_\_
5. Name three other deductions. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# Exercise 3

## Calculating a Paycheck #1

IMAGINE YOU ARE A NEW EMPLOYEE AT A GOURMET COFFEE SHOP

The coffee shop pays its employees each week. Your filing status is single with no adjustments on your Form W-4 (you make no entries in Steps 2, 3, or 4). You work 40 hours per week at \$11.00 per hour. Use the background information, the Federal and State Tax tables on pages 13 and 14, and information on the form to the right to calculate your net pay.



**Employee's name:** \_\_\_\_\_

**Pay period:**    Weekly    Biweekly    Semimonthly    Monthly

**Filing status:**    Single or Married filing separately    Married filing jointly or qualifying widow(er)    Head of Household

### **GROSS PAY**

1. You work \_\_\_\_\_ hours at \$\_\_\_\_\_ per hour = \_\_\_\_\_

### **DEDUCTIONS**

2. Federal Income Tax (See Federal Tax table on page 13.) \_\_\_\_\_

3. State Income Tax (See State Tax table on page 14.) \_\_\_\_\_

4. FICA: Social Security Tax (6.20% x gross pay) \_\_\_\_\_

5. FICA: Medicare Tax (1.45% x gross pay) \_\_\_\_\_

6. **Total Deductions (total lines 2 through 5)** \_\_\_\_\_

**Net Pay (subtract line 6 from line 1)** \_\_\_\_\_

# Exercise 4

## Calculating a Paycheck #2

IMAGINE YOU ARE A NEW ASSISTANT MANAGER AT A GOURMET COFFEE SHOP

Gourmet coffee shop pays its employees each week. Your filing status is single with no adjustments on your Form W-4 (you make no entries in Steps 2, 3, or 4). You work 40 hours per week at \$12.00 per hour. Use this background information, the Federal and State Tax tables on pages 13 and 14, and information on the form to the right to calculate your net pay.

**Employee's name:** \_\_\_\_\_

**Pay period:**     Weekly     Biweekly     Semimonthly     Monthly

**Filing status:**     Single or Married filing separately     Married filing jointly or qualifying widow(er)     Head of Household

### **GROSS PAY**

1. You work \_\_\_\_\_ hours at \$\_\_\_\_\_ per hour = \_\_\_\_\_

### **DEDUCTIONS**

2. Federal Income Tax (See Federal Tax table on page 13.) \_\_\_\_\_

3. State Income Tax (See State Tax table on page 14.) \_\_\_\_\_

4. FICA: Social Security Tax (6.20% x gross pay) \_\_\_\_\_

5. FICA: Medicare Tax (1.45% x gross pay) \_\_\_\_\_

6. **Total Deductions (total lines 2 through 5)** \_\_\_\_\_

**Net Pay (subtract line 6 from line 1)** \_\_\_\_\_



**2021 Wage Bracket Method Tables for Manual Payroll Systems with Forms W-4 From 2020 or Later**  
WEEKLY Payroll Period

If the Adjusted Wage Amount (line 1h) is		Married Filing Jointly		Head of Household		Single or Married Filing Separately	
At least	But less than	Standard withholding	Form W-4, Step 2, Checkbox withholding	Standard withholding	Form W-4, Step 2, Checkbox withholding	Standard withholding	Form W-4, Step 2, Checkbox withholding
The Tentative Withholding Amount is:							
\$0	\$125	\$0	\$0	\$0	\$0	\$0	\$0
\$125	\$135	\$0	\$0	\$0	\$0	\$0	\$1
\$135	\$145	\$0	\$0	\$0	\$0	\$0	\$2
\$145	\$155	\$0	\$0	\$0	\$0	\$0	\$3
\$155	\$165	\$0	\$0	\$0	\$0	\$0	\$4
\$165	\$175	\$0	\$0	\$0	\$0	\$0	\$5
\$175	\$185	\$0	\$0	\$0	\$0	\$0	\$6
\$185	\$195	\$0	\$0	\$0	\$1	\$0	\$7
\$195	\$205	\$0	\$0	\$0	\$2	\$0	\$8
\$205	\$215	\$0	\$0	\$0	\$3	\$0	\$9
\$215	\$225	\$0	\$0	\$0	\$4	\$0	\$10
\$225	\$235	\$0	\$0	\$0	\$5	\$0	\$11
\$235	\$245	\$0	\$0	\$0	\$6	\$0	\$12
\$245	\$255	\$0	\$1	\$0	\$7	\$1	\$14
\$255	\$265	\$0	\$2	\$0	\$8	\$2	\$15
\$265	\$275	\$0	\$3	\$0	\$9	\$3	\$16
\$275	\$285	\$0	\$4	\$0	\$10	\$4	\$17
\$285	\$295	\$0	\$5	\$0	\$11	\$5	\$18
\$295	\$305	\$0	\$6	\$0	\$12	\$6	\$20
\$305	\$315	\$0	\$7	\$0	\$13	\$7	\$21
\$315	\$325	\$0	\$8	\$0	\$14	\$8	\$22
\$325	\$335	\$0	\$9	\$0	\$15	\$9	\$23
\$335	\$345	\$0	\$10	\$0	\$16	\$10	\$24
\$345	\$355	\$0	\$11	\$0	\$18	\$11	\$26
\$355	\$365	\$0	\$12	\$0	\$19	\$12	\$27
\$365	\$375	\$0	\$13	\$1	\$20	\$13	\$28
\$375	\$385	\$0	\$14	\$2	\$21	\$14	\$29
\$385	\$395	\$0	\$15	\$3	\$22	\$15	\$30
\$395	\$405	\$0	\$16	\$4	\$24	\$16	\$32
\$405	\$415	\$0	\$17	\$5	\$25	\$17	\$33
\$415	\$425	\$0	\$18	\$6	\$26	\$18	\$34
\$425	\$435	\$0	\$19	\$7	\$27	\$19	\$35
\$435	\$445	\$0	\$20	\$8	\$28	\$20	\$36
\$445	\$455	\$0	\$21	\$9	\$30	\$21	\$38
\$455	\$465	\$0	\$22	\$10	\$31	\$22	\$39
\$465	\$475	\$0	\$24	\$11	\$32	\$24	\$40
\$475	\$485	\$0	\$25	\$12	\$33	\$25	\$41
\$485	\$495	\$1	\$26	\$13	\$34	\$26	\$42
\$495	\$505	\$2	\$27	\$14	\$36	\$27	\$44
\$505	\$515	\$3	\$28	\$15	\$37	\$28	\$45
\$515	\$525	\$4	\$30	\$16	\$38	\$30	\$47
\$525	\$535	\$5	\$31	\$17	\$39	\$31	\$49
\$535	\$545	\$6	\$32	\$18	\$40	\$32	\$51
\$545	\$555	\$7	\$33	\$19	\$42	\$33	\$54
\$555	\$565	\$8	\$34	\$20	\$43	\$34	\$56
\$565	\$575	\$9	\$36	\$21	\$44	\$36	\$58
\$575	\$585	\$10	\$37	\$22	\$45	\$37	\$60
\$585	\$595	\$11	\$38	\$23	\$46	\$38	\$62
\$595	\$605	\$12	\$39	\$24	\$48	\$39	\$65
\$605	\$615	\$13	\$40	\$25	\$49	\$40	\$67
\$615	\$625	\$14	\$42	\$26	\$50	\$42	\$69
\$625	\$635	\$15	\$43	\$27	\$51	\$43	\$71
\$635	\$645	\$16	\$44	\$28	\$52	\$44	\$73

# Table 1

# Federal Tax Table

WEEKLY PAYROLL  
PERIOD/SINGLE OR  
MARRIED FILING  
SEPARATELY/STANDARD  
WITHHOLDING

# Table 2

# State Tax Table

(EXAMPLE)\*

\*TAKEN FROM UTAH TAX TABLES

## Utah Withholding Tables

Note: Use the *Single* column for taxpayers who file as head-of-household on their federal return.

### Weekly and Biweekly Payroll Periods

UTAH TABLE 1		WEEKLY Payroll Period (52 pay periods per year)		
If UT taxable wages are -		Find wages in "If UT taxable wages are" columns. This is amount to withhold.		
at least	but less than	Weekly		
		Single	Married	
\$0	\$96	\$0		\$0
96	129	0		0
129	162	0		0
162	194	2		0
194	227	4		0
227	260	6		0
260	292	9		0
292	325	11		2
325	358	13		4
358	390	15		6
390	423	17		8
423	456	19		10
456	488	21		12
488	521	23		14
521	554	25		16
554	587	27		18
587	619	29		20
619	652	31		22
652	685	33		24
685	717	35		26
717	750	36		28
750	783	38		30
783	815	40		33
815	848	41		35
848	881	43		37
881	913	44		39
913	946	46		41
946	979	48		43
979	1,012	49		45
1,012	1,044	51		47
1,044	1,077	52		49
1,077	1,110	54		51
1,110	1,142	56		53
1,142	1,175	57		55
1,175	1,208	59		57
1,208	1,240	61		59
1,240	1,273	62		61
1,273	1,306	64		63
1,306	1,338	65		65
1,338	1,371	67		67
1,371	1,404	69		69
1,404	1,437	70		70
1,437	1,469	72		72
1,469	1,502	74		74
1,502	1,535	75		75
1,535	1,567	77		77
1,567	1,600	78		78
1,600	1,633	80		80
1,633	1,665	82		82
1,665	1,698	83		83
1,698	1,731	85		85
1,731	1,763	86		86
1,763	1,796	88		88
1,796	1,829	90		90
1,829	1,862	91		91
1,862	1,894	93		93
1,894	1,927	95		95

UTAH TABLE 2		BIWEEKLY Payroll Period (26 pay periods per year)		
If UT taxable wages are -		Find wages in "If UT taxable wages are" columns. This is amount to withhold.		
at least	but less than	Biweekly		
		Single	Married	
\$0	\$192	\$0		\$0
192	258	0		0
258	323	1		0
323	388	5		0
388	454	9		0
454	519	13		0
519	585	17		0
585	650	21		4
650	715	25		8
715	781	29		12
781	846	33		16
846	912	38		20
912	977	42		24
977	1,042	46		28
1,042	1,108	50		32
1,108	1,173	54		36
1,173	1,238	58		41
1,238	1,304	62		45
1,304	1,369	66		49
1,369	1,435	69		53
1,435	1,500	73		57
1,500	1,565	76		61
1,565	1,631	79		65
1,631	1,696	82		69
1,696	1,762	86		73
1,762	1,827	89		77
1,827	1,892	92		81
1,892	1,958	95		85
1,958	2,023	99		90
2,023	2,088	102		94
2,088	2,154	105		98
2,154	2,219	108		102
2,219	2,285	111		106
2,285	2,350	115		110
2,350	2,415	118		114
2,415	2,481	121		118
2,481	2,546	124		122
2,546	2,612	128		126
2,612	2,677	131		130
2,677	2,742	134		134
2,742	2,808	137		137
2,808	2,873	141		141
2,873	2,938	144		144
2,938	3,004	147		147
3,004	3,069	150		150
3,069	3,135	154		154
3,135	3,200	157		157
3,200	3,265	160		160
3,265	3,331	163		163
3,331	3,396	166		166
3,396	3,462	170		170
3,462	3,527	173		173
3,527	3,592	176		176
3,592	3,658	179		179
3,658	3,723	183		183
3,723	3,788	186		186
3,788	3,854	189		189

# Getting Paid

## Go Green With Your Green

Every year, billions of paychecks are issued to America's 150 million or so employees, but how you're paid could be damaging the environment. There are two different ways that you can be paid electronically to make your paycheck more environmentally friendly.

### DIRECT DEPOSIT

Direct deposit is a method of electronic pay. It works by depositing your pay directly into your checking or savings account through a highly secure, electronic banking system. Direct deposit is the cheapest and most reliable way to receive your pay, and the federal government protects bank accounts up to \$250,000.

### BENEFITS OF DIRECT DEPOSIT

- Your pay goes straight into your bank account.
- No waiting in line at the bank drive-through, idling your car and releasing dangerous ozone-depleting emissions.
- Your money is always there on payday, even when payday is a day you do not work.
- You won't have to pay check cashing fees.
- Most banks offer free ATM cards to access your pay anytime, at an ATM or as cash back from a retailer. Fees may apply at other banks' ATMs.
- You can check your balance via online, smartphone app, telephone, text messaging (standard data rates may apply), or at an ATM (fees may apply at ATMs). Most banks also offer free services like online transfer of funds, bill paying, etc.

### EARNED WAGE ACCESS

Earned wage access products (sometimes called on-demand pay) are becoming more prevalent in the workplace. Your employer may offer a service that allows you to request a certain amount of the wages you have earned to be paid to you prior to your regular payday. On the next payday, those prepaid funds are deducted from your paycheck.

### PAYCARDS

What if you don't have a checking or savings account where your employer can deposit your pay? Is a paper paycheck your only option?

Having your employer deposit your pay onto a paycard is an alternative to receiving a paper check. Paycards represent a way for employees without a checking or savings account to take advantage of the conveniences of electronic pay.

A paycard is a plastic card that works like a debit card and is available through many employers. Your employer will deposit your pay onto your paycard on payday. You can then use the card to pay for things anywhere debit cards are accepted.

If you need cash, you can get your money from an ATM or get cash back when you purchase something at a retailer. If you don't have a checking or savings account, paycards are your next best electronic pay option and can be less expensive than receiving a paper check.

Fees can be associated with the paycard, so



TO SIGN UP FOR DIRECT DEPOSIT, TALK TO YOUR COMPANY'S PAYROLL DEPARTMENT.

please look at the chart on page 16 for a breakdown of how these fees compare to costs associated with other payment methods. Typically, though, there are no monthly fees and no fee charged to the employee on payday. Additionally, most employers negotiate for at least one fee-free ATM withdrawal per pay period, per employee. Paycards, like bank accounts, have safeguards built-in by the federal government to protect your money.

View the chart on page 16 for a breakdown of how these fees compare to costs associated with other payment methods. Contact the provider that issued your card (via the toll-free number or website information on your card) to ask about fees.

Reference the helpful questions on page 17 to verify with your employer before determining if a paycard is right for you. Once you get the card, you would notify your employer that you would like your pay deposited on the card. Like direct deposit, your pay will be deposited and your money will be available immediately.

## BENEFITS OF PAYCARDS

- Access your pay anytime at an ATM or as cash back from a retailer. Fees may apply.
- Make purchases anywhere debit cards are accepted including online or to pay bills.
- If your card is lost or stolen, it can be replaced. For more details please visit the website shown on the card or welcome materials, or call customer service.
- You can check your balance via online, phone, text messaging (standard data rates may apply), or at an ATM (fees may apply at ATMs). Some card providers may also offer services like bill paying and funds transfer. To find out if your employer offers paycards, ask your company's payroll department.

# Understanding Banking Fees

## EXAMPLE OF MONTHLY FINANCIAL SERVICE FEES<sup>1</sup>

	PAPER PAYCHECK	DIRECT DEPOSIT	PAYCARD FEES <sup>2</sup>	PREPAID RELOADABLE CARD FEES <sup>2</sup>
<b>Check Cashing</b> (4 checks/month @ \$500.00 each or \$2,000.00 total)	\$32.50 – \$86.67 <sup>7</sup>	\$0.00	\$0.00	\$0.00 – \$8.00
<b>Bill Pay</b>	\$8.70	\$0.00	\$0.00	\$0.00 – \$2.50
<b>Enrollment Fee</b>	\$0.00	\$0.00	\$0.00	\$0.00 – \$18.00
<b>Monthly Fee</b>	Not Applicable	\$0.00 – \$7.00 <sup>4</sup>	\$0.00 <sup>3</sup>	\$5.00 – \$9.95 (fee may be waived if you maintain a high balance)
<b>ATM Fees</b> (based on 4 transactions and estimated at \$4/transaction)	Not Applicable	\$0.00 <sup>4</sup>	\$0.00 <sup>3</sup>	\$16.00
<b>MONTHLY COST</b>	\$41.20 – \$95.37 <sup>7</sup>	\$0.00 – \$7.00	\$0.00 – \$8.00 <sup>5</sup>	\$21.00 – \$36.45 <sup>8</sup>
<b>ANNUAL COST</b>	\$494.40 – \$1,144.44 <sup>7</sup>	\$0.00 – \$84.00	\$0.00 – \$96.00	\$252.00 – \$455.40 <sup>6</sup>

<sup>1</sup> Sample monthly fee schedule. Fees vary by issuer and provider. One time activation fee, ATM fees, transaction fees and reload fees will apply at various reload stations. Your fees and potential savings may vary based on the type of card you select.

<sup>2</sup> Based on direct deposit of paycheck to a paycard or prepaid reloadable card.

<sup>3</sup> Paycards typically do not have a monthly fee and allow one free ATM transaction per pay period.

<sup>4</sup> Fees on checking and savings accounts vary. Many banks offer free checking and savings accounts, and will allow free unlimited transactions at their own ATM machines. Be aware that banks charge an average of \$33 per bounced check fee (<https://www.bankrate.com/banking/checking/checking-account-survey>).

<sup>5</sup> The \$8 estimate assumes two additional non-paycheck ATM transactions per month at \$4/transaction. Some retailers may offer fee-free transactions at their point-of-sale terminals.

<sup>6</sup> Other fees may include: Customer Service Calls, \$0.00 – \$1.50; and Replacement Card Fees, \$3.95 – \$5.95.

<sup>7</sup> Based on check cashing industry fees, which average between 1.5% – 4%.

<sup>8</sup> Not including potential enrollment fee.



# Helpful Paycard Guidelines from the American Payroll Association and National Consumer Law Center

Paycards can offer unbanked workers an economical, safe and convenient way to receive their wages. But not all cards are created equal. The guidelines below were developed to help you make an informed decision before signing up for a paycard with your employer.

If you're to be paid by paycard, be sure to verify with your employer on all of the following:

1. **Can I access my full wages in cash at least once each pay period without fees?** Free and clear access is required by the state wage and hour laws and is critical to the success of any paycard program. Common methods of cash access include bank teller transactions, ATM withdrawals, convenience checks, and cash back from point of sale purchases.
2. **Do I have a choice of another payment method?** If so, can I change my choice later? Under federal law, employees cannot be forced to receive their wages on a paycard, and must have the choice of another payment method, typically direct deposit to an account of the employee's choosing. State wage and hour laws may also require a choice of a paper paycheck option. Verify that employees can change how they're paid if they want to do so.
3. **Is the paycard offered widely accepted?** The logo of a widely accepted payment brand (i.e., Visa, Mastercard, or Discover) signals to employees that they can take their card to any bank that displays the logo of the payment brand and receive their full wages from the teller each pay period without fees. In addition, branded paycards can be used to make purchases and pay bills in person, online, and over the telephone. A wide, convenient surcharge-free ATM network linked to the paycard is also important to help employees avoid third party ATM surcharge fees.
4. **Your employer should provide clear information and training on use of the paycard and possible fees.** Training can ensure that employees understand the key terms and know how to access their wages without fees. Pricing for discretionary services should be reasonable and easily understandable.
5. **You must be provided free and convenient access to account information.** You need free access to account information to check your balance, spot unauthorized charges, monitor fees, and manage your finances. You should not be charged a fee for responsible behavior, such as checking your balance using an automated telephone system. Additional free means of accessing account information, like automated text messages and smart phone applications, are becoming more common.
6. **Is the card balance protected by deposit insurance?** Your wages must be protected if the bank holding the funds goes out of business. Employers should select a program that maintains payroll funds in an FDIC- or NCUA-insured account on a pass-through basis to the individual cardholder.
7. **Does the card have overdraft protection?** Paycards are often promoted as a budgeting tool for low income workers. You usually can spend only those funds deposited onto the card. To prevent confusion and ensure that the program truly promotes financial responsibility, employers should consider selecting programs that do not offer overdraft protection or other embedded credit features. Such features can be unsafe for employees if used unwisely and can result in a cycle of debt. This principle does not prohibit a program from covering an occasional inadvertent overdraft transaction if there is no charge to the employee.
8. **Be wary of employer incentives.** Some paycard programs pay cash incentives to the employer. Those funds might be better spent improving the card program for employees.

# Exercise 5

## Questions

Using the chart below, decide how each employee should ask to be paid.

1. Should Bobby ask to be paid differently if he opens a bank account while working for the coffee shop?  

---
2. Valerie just opened a bank account and started working for a local restaurant that offers paycards and direct deposit. How should she ask to be paid?  

---
3. Emily's company pays employees by direct deposit or paycards only. Emily doesn't have a bank account. How should she ask to be paid?  

---



Your company offers direct deposit only	+	You DO have a checking account	=	<b>Direct Deposit</b>
Your company offers direct deposit AND paycards	+	You do NOT have a checking account	=	<b>Paycards</b>

# Reference

## Minimum Wage

### WHAT STATE DO YOU LIVE IN?

As of May 1, 2021, 30 states and the District of Columbia have a minimum wage rate higher than the federal minimum wage.

THE FEDERAL MINIMUM WAGE IS \$7.25 PER HOUR.

### DO YOU WORK AS A WAITER?

If you do, you'll get paid no less than \$2.13 per hour plus tips. Some states may require a higher hourly rate. In these states, you must be paid the higher amount.

\$2.13 PER HOUR + TIPS = AT LEAST THE FEDERAL MINIMUM WAGE\*

---

\*IF NOT, YOUR EMPLOYER MUST MAKE UP THE DIFFERENCE.

Alaska	\$10.34
Arizona	\$12.15
Arkansas	\$11.00
California	\$14.00 (large employers) \$13.00 (small employers)
Colorado	\$12.32
Connecticut	\$12.00 (\$13.00, effective 8/1/21)
Delaware	\$9.25
District of Columbia	\$15.00
Florida	\$8.65 (\$10.00, effective 9/30/21)
Hawaii	\$10.10
Illinois	\$11.00
Maine	\$12.15
Maryland	\$11.75 (large employers) \$11.60 (small employers)
Massachusetts	\$13.50
Michigan	\$9.65
Minnesota	\$10.08 (large employers) \$8.21 (small employers)
Missouri	\$10.30
Montana	\$8.75 (\$4.00 if annual gross sales are \$110,000 or less)
Nebraska	\$9.00

Nevada	\$9.00; \$8.00 if employer provides health benefits (\$9.75; \$8.75 if employer provides health benefits, effective 7/1/21)
New Jersey	\$12.00 (large employers) \$11.10 (small and seasonal employers)
New Mexico	\$10.50
New York	\$15.00 (New York City) \$14.00 (Long Island, Westchester County) \$12.50 (rest of state)
Ohio	\$8.80 (\$7.25 if annual gross receipts of \$323,00 or less)
Oregon	\$13.25 (Portland metro counties; \$14.00, effective 7/1/21) \$12.00 (standard counties; \$12.75, effective 7/1/21) \$11.50 (nonurban counties; \$12.00, effective 7/1/21)
Rhode Island	\$11.50
South Dakota	\$9.45
Vermont	\$11.75
Virginia	\$9.50
Washington	\$13.69
West Virginia	\$8.75

# Reference

## Overtime

Your employer is required by federal law to pay an overtime rate of 1.5 times your regular pay for all hours worked over 40 in one week. In Alaska, California, and Nevada overtime is paid for all hours worked over eight in one day. Employees in Colorado earn overtime on the greater of 40 hours per week or 12 hours per day. In Oregon, manufacturers must pay overtime for hours in excess of 8 in a day.

### Example:

YOU WORK 48 HOURS IN ONE WEEK  
AT \$11 PER HOUR.

**\$11 per hour x 48 hours = \$528**

**\$11 per hour x 8 hours x .5 = \$44**

**Gross Pay = \$528 + \$44 = \$572**

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SOME STATES MAY REQUIRE FURTHER RESTRICTIONS FOR TEEN WORKERS. VISIT YOUR STATE'S DEPARTMENT OF LABOR WEBSITE TO LEARN MORE ABOUT STATE REGULATIONS THAT AFFECT YOU AND YOUR JOB.

## Teen Jobs

**TO WORK IN MOST JOBS, YOU MUST BE 16 YEARS OLD.**

According to the U.S. Department of Labor, teens age 14 and 15 may work in various jobs, but they must follow these rules:

1. May not work more than three hours on a school day or 18 hours in a school week.
2. May work eight hours on a non-school day or 40 hours in a non-school week.
3. May not begin work before 7 a.m. or end after 7 p.m., except in the summer when evening hours are extended until 9 p.m.



# Paychex, Inc. Money Matters National Education Day Scholarship

Complete a short online quiz based on the content you just learned in the “Bring Home the Gold” lesson plan and you could be randomly selected as a scholarship winner!

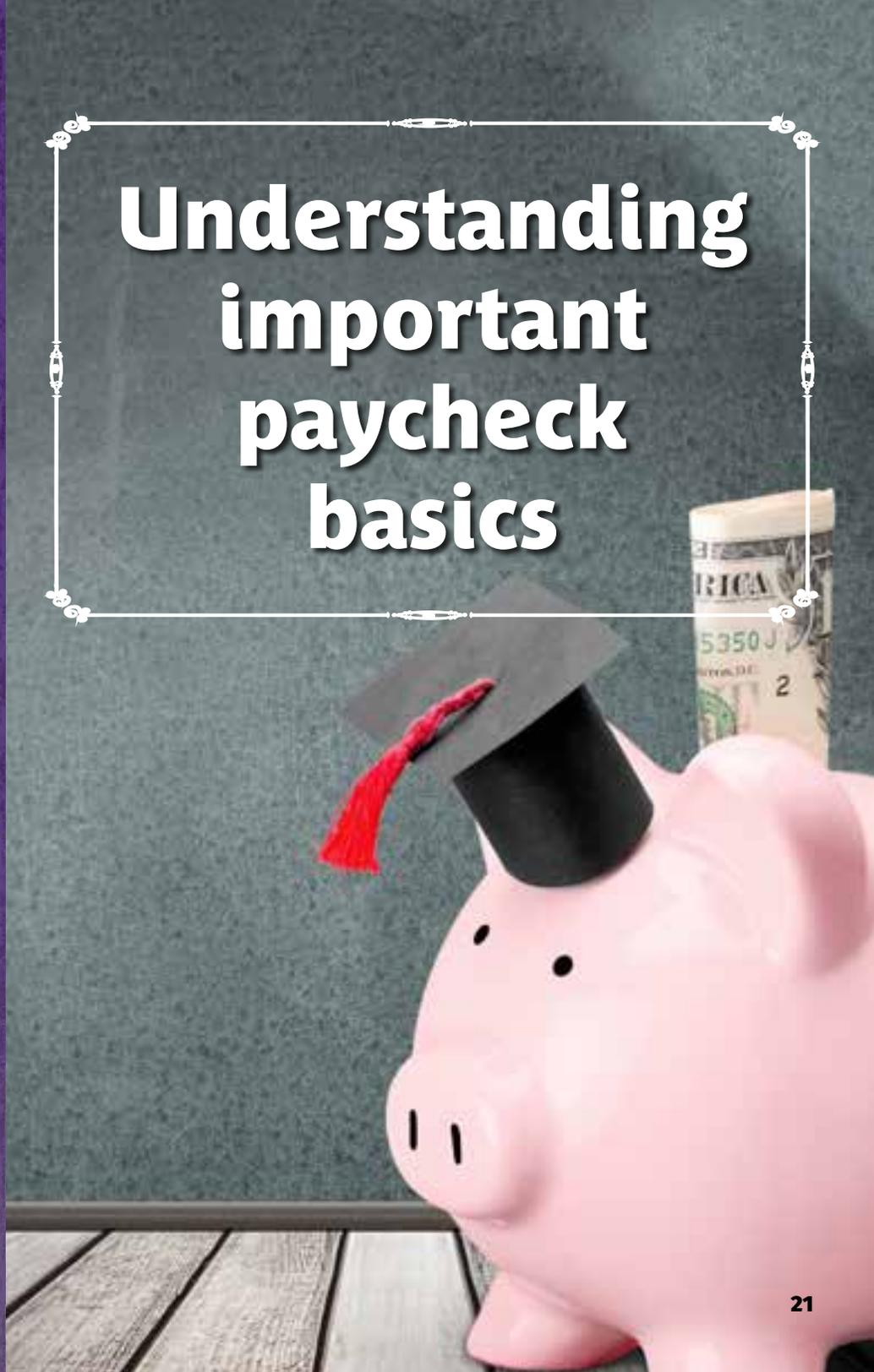
The American Payroll Association will award one (1) \$5,000 scholarship and two (2) \$1,000 Scholarships, eligible to any high school student or individual pursuing continued education who shows an acceptable understanding of the Money Matters National Education Day curriculum.

**Visit [www.nationalpayrollweek.com/money-matters-scholarship](http://www.nationalpayrollweek.com/money-matters-scholarship) to learn more!**

**The deadline to apply is  
September 30, 2021.**

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SHOW OFF THE PAYCHECK KNOWLEDGE YOU JUST LEARNED, AND YOU COULD RECEIVE A **\$5,000** OR **\$1,000 SCHOLARSHIP** FROM THE AMERICAN PAYROLL ASSOCIATION AND PAYCHEX!



## Understanding important paycheck basics

# Glossary

**American Payroll Association:** A professional association that educates the individuals who calculate employee paychecks — payroll professionals. More information is available at [www.americanpayroll.org](http://www.americanpayroll.org).

**Beneficiary:** A person or group selected to collect funds or other property under an insurance policy, retirement savings plan, or other legal document, in the event of an individual's death.

**Benefits:** Perks offered by your employer, such as medical and dental insurance. May be paid for by the employer, the employee, or a combination of both.

**Child Tax Credit:** Employees who have children under the age of 17 may be eligible to save up to \$2,000 in taxes per child. For 2021, the credit has been expanded so that 17-year-olds are eligible for the credit and the amount of the credit is increased to \$3,000 per child (\$3,600 for children under the age of 6).

**Deductions:** An amount subtracted from a paycheck. The amounts are used to fund government programs, personal savings, and more (see pages 5-6).

**Dependents:** The employee's unmarried children under age 19 (age 24 if the child is a student).

**Diagnostic:** Testing done by a doctor or insurance company to find out if an employee has a disease or other condition.

**Direct Deposit:** The electronic deposit of funds into a financial account.

**Dividends:** A portion of a company's earnings paid to people who own stock in that company.

**Exempt:** Not legally required to pay taxes. Generally, you may claim exempt if you had no federal income tax liability in 2020 and expect no federal income tax liability in 2021 and if you are single and earn less than \$12,550. However, if your parents claim you as a dependent on their tax return, you can generally earn up to \$12,550 and claim exempt as long as your unearned income (interest & dividends) is less than \$350. As a dependent, you can also claim exempt if you have more than \$350 of unearned income and your total income is less than \$1,100.

**Federal Income Tax:** A tax on the money an employee earns that is used to fund the federal government. It's typically deducted from your paycheck automatically. The amount deducted is based on how much you earn and the filing status and adjustments you have on the Form W-4.

**FICA:** Federal Insurance Contributions Act. A law that requires all employees to contribute 7.65% of their earnings toward Social Security (6.2% of up to \$142,800) and Medicare (1.45% of all wages) programs.

**Filing status:** This is your anticipated filing status on your personal tax return. The filing statuses are single or married filing separately, married filing jointly or qualifying widow(er), or head of household.

**Form W-4:** A form typically filled out when you begin a job. Your employer determines how much income tax to deduct from your paycheck based on information from five steps.

**Gross Pay:** Your total pay before any deductions are subtracted.

**Head of Household:** A filing status that may be claimed by an employee who is unmarried and pays more than half the costs of keeping up a home for the employee and a "qualifying individual." This is the filing status often claimed by single parents.

# Glossary

**Local Income Tax:** A tax on the money an employee earns that is used to fund the local government. It's typically deducted from your paycheck automatically.

**Medicare:** A federal program that provides medical insurance to Americans with certain disabilities and those who are age 65 or older. The program is funded as part of FICA.

**Minimum Wage:** The lowest hourly wage employers may legally pay their employees.

**National Payroll Week:** Held annually during the week of Labor Day (September 6–10, 2021), this campaign educates employees in America about their paychecks, the payroll withholding system, and payroll-related benefits. More information is available at [www.nationalpayrollweek.com](http://www.nationalpayrollweek.com)

**Net Pay:** Actual amount of an employee's paycheck after deductions are subtracted.

**Overtime Pay:** A premium pay rate for any work done beyond 40 hours in one week. Under federal law, employees must be paid 1.5 times their regular rate of pay for hours worked beyond 40 in one week. Overtime rules vary by state. Visit your state's department of labor website to learn more about state overtime rules.

**Paycard:** Issued by an employer to an employee, a paycard works like a debit card. An employer will deposit an employee's net pay onto the card each payday. Paycards typically do not have a monthly fee, and an employee can usually make a certain number of fee-free withdrawals each month from authorized ATMs. Point-of-sale purchases are usually fee-free.

**Preventive:** Treatment plan created by a physician that prevents or slows the advancement of an illness or disease.

**Single:** Not legally married. You're still legally single even if you are dating someone.

**Social Security:** A federal program that provides an income to surviving family members of an employee who dies, retired persons age 62 or older, and the disabled. The program is funded as part of FICA.

**Spouse:** The husband or wife of an employee.

**State Income Tax:** A tax on the money an employee earns that is used to fund the state government. It's typically deducted from your paycheck automatically. The amount deducted is based on how much you earn and the filing status and adjustments you have on the Form W-4 or a state form that serves the same purpose.

**Tax Credit:** An amount you can subtract from the tax you would otherwise owe; see Child Tax Credit entry.

**Tax-Deferred:** Money that will be taxed at a later date.

**Tax Liability:** The amount of tax you must pay.

**Tax Withholding Estimator:** An online tool provided by the Internal Revenue Service that employees may find helpful when completing a Form W-4. It is available at <https://www.irs.gov/individuals/tax-withholding-estimator>.

**Withholding:** An amount from your paycheck that your employer sends to the government as payment for your tax liability.

*GOOD LUCK!*

# BRING HOME THE GOLD



## 2021 MONEY MATTERS STUDENT HANDBOOK

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